
**DENTON COUNTY
TRANSPORTATION AUTHORITY
NEW MEMBER POLICY**

(rev. February 23, 2012)

New Member Cities Admission Policy

A. Introduction

The statutory charge and the desire of DCTA is to encourage the development and provision of transit services in and for Denton County. To achieve that goal, DCTA welcomes inquiries from all Denton County areas that may be interested in receiving DCTA transit services.

B. Background

The Denton County Transportation Authority (DCTA) was created in 2001 by the Denton County Commissioners Court pursuant to House Bill 3323 (Acts 2001, 77th Leg., ch. 1186, §1, eff. Sept. 1, 2001), codified as Chapter 460, Tex. Transportation Code.

The formation of DCTA was confirmed by a countywide election on November 5, 2002 with a favorable vote of greater than 73%. A subsequent transit sales tax authorization election was held on September 13, 2003 and the municipalities of Denton, Highland Village, and Lewisville authorized the collection of a 1/2-cent transit sales and use tax for the benefit of DCTA and formed the initial service delivery area.

Since the initial service area was formed the Authority has established numerous transit services operating within and between the member cities and has completed the construction of a commuter rail line and has initiated A-train service to connect the member cities along the rail right of way to the Trinity Mills station on the DART Green Line.

DCTA recognizes that as Denton County and its cities continue to experience rapid population and employment growth, the transportation contingencies and mobility needs of our citizens will evolve. Because of the changing mobility needs, other cities in Denton County may wish to participate in the transportation services of DCTA in a fashion that meets their individual needs and the long-term regional transportation needs outlined in the Authority's Service Plan. As a result, DCTA has updated its New Member Cities Admission Policy in an effort to accommodate various levels of participation and funding.

C. Application for Full Membership

This policy applies to the addition of any municipality that desires to become a full participating member of the DCTA through the adoption of the DCTA transit sales and use tax or a comparable dedicated, continuous funding source.

1. Application for Full Membership Adjacent to Existing or Near-Term Fixed Guideway Corridor

A municipality with municipal boundaries located within an appropriate proximity to a near-term fixed guideway prioritized in the Authority's Service Plan and programmed in the Authority's five year capital plan may become a DCTA member by:

- (1) The voter approval of the DCTA transit sales and use tax at an election called by the governing body of the municipality and the execution of an Interlocal Cooperation Agreement or dedication of a comparable dedicated, continuous funding source by the governing body comparable to the DCTA transit sales and use tax and the execution of an Interlocal Cooperation Agreement, and
- (2) Submission of Capital Payment Fees as established by the DCTA Board of Directors, pursuant to an Interlocal Cooperation agreement and, prior to the amendment of the DCTA Service Plan.

This payment, which is determined by the sole discretion of the DCTA Board of Directors, recognizes initial capital investments and contributions made by existing municipalities with full membership along the existing or near-term fixed guideway corridor and covers the full cost of any capital improvements related to the addition of the new member (i.e. new station, vehicle acquisition, etc). The estimated amount of the Capital Payment Fees shall be determined by DCTA and shall be provided to the municipality prior to such municipality calling the election to authorize the DCTA transit sales and use tax.

The Capital Payment Fees shall be calculated in accordance with the following:

- i. A pro-rata share of "Fixed Guideway Project Development Costs" incurred by DCTA members cities over the life of the project and may require full-payment of any additional capital investments required to accommodate service to the municipality.

2. Application for Full Membership Near a Future Fixed Guideway Corridor

A municipality with municipal boundaries located within an appropriate proximity of a potential fixed guideway identified in the Authority's Service Plan for future, long-term investment but not currently programmed in the Authority's five year capital plan may become a DCTA member by:

- (1) The voter approval of the DCTA transit sales and use tax at an election called by the governing body of the municipality and the execution of an Interlocal Cooperation Agreement or dedication of a comparable dedicated continuous funding source by the governing body comparable to the DCTA transit sales and use tax and the execution of an Interlocal Cooperation Agreement, and
- (2) Submission of proportional Capital Payment Fees to Authority's fund balance reserves as determined by the DCTA Board of Director's based on a percentage of the municipality's previous year's annual revenues.

D. Preliminary Assessment of Transit Services and Funding Requirements

Upon receiving an official "Expression of Interest" for full-membership consisting of a Resolution adopted by the governing body of a municipality (the "Applicant") indicating the

desire to become a full-member of the DCTA, the DCTA shall perform a preliminary needs assessments to determine the scope and feasibility of providing transit service to the interested municipality and the applicant shall bear the full cost of said assessment.

The initial phase of planning shall be summarized in a Preliminary Assessment of transit services and funding requirements (Preliminary Assessment). The Preliminary Assessment shall include a determination of the scope and type of transit services that are feasible in the short term and an evaluation of longer term service needs in accordance with the DCTA Service Plan and DCTA's Capital Financial Plan. The Preliminary Assessment shall be based on input from the proposed service area, including its residents, and shall consider growth and development patterns, and projected transportation needs.

The results of this assessment will assist with the determination of the Fixed Guideway Development Costs to ensure capital and operational impacts of the new service area will be covered through the Capital Payment Fees plus any anticipated revenues. If a more detailed analysis or assessment is warranted, the applicant must bear the full cost of the additional analysis.

E. Proposed Amendment to Service Plan and Interlocal Cooperation Agreement

If the results of the Preliminary Assessment are approved by the DCTA Board; all requirements are met by the governing body of the Applicant; and, an amendment to the Service Plan is required; DCTA shall prepare a proposed Interlocal Cooperation Agreement and a proposed amendment to the DCTA Service Plan. The proposed amendment to the Service Plan shall: (i) describe the type, amount and forecasted timing of services that may be provided; and (ii) describe the short term services and facilities for the new territory to be served. An Interlocal Cooperation Agreement between the DCTA and the Applicant shall provide for the payment of any Capital Payment Fees or other charges to be paid by the Applicant; and shall describe the agreed amendment to the DCTA Service Plan. Any amendment to the DCTA Service Plan shall be subject to the following:

1. Any programmed capital projects for the proposed service area shall not impair or materially delay the schedule for capital projects planned in accordance with the DCTA Service Plan or Capital Improvement Plan.
2. All transit services planned for the proposed service area shall be qualified by the same system-wide planning processes and criteria governing transit services in the existing DCTA service delivery areas.
3. Any requested transit service necessitating material or significant capital investment or connecting to an existing material or significant capital investment shall require a Capital Payment Fee fully covering the cost of the material change and may require a pro-rata share in the capital costs of the existing infrastructure.
4. In addition, to any Capital Payment Fee, the municipalities contributing a comparable dedicated continuous funding source that is not originated from sales tax revenue must at its own cost develop and provide to DCTA a 10-year revenue model that projects the

anticipated revenue that will be directed to DCTA for capital, operational and maintenance needs. This 10-year revenue model may be subject to a third-party review and must illustrate that revenue generated from the comparable source is equivalent to sales-tax revenue for same period. Additionally, any financial risk or appropriation associated from this funding method will not be borne by DCTA, but will be the sole responsibility of the municipality.

5. . An agreement between DCTA and the interested entity outlining payment of capital, payment and operational fee and costs must be finalized prior to service implementation as outlined in the Interlocal Cooperation Agreement.

F. Election Requirement

To become a member of the DCTA through the adoption of the DCTA transit sales and use tax, the governing body of a municipality shall call an election to authorize the levy of the DCTA transit sales and use tax of one-half cent and submit the following proposition to the voters: *"Shall the Denton County Transportation Authority levy of a proposed tax, not to exceed one-half of one percent, be authorized."*

If a municipality chooses to become a member through a comparable, dedicated continuous funding source and that funding source requires the governing body of the municipality to call an election, the DCTA Board of Directors shall have the right to approve the election ballot proposition language.

The municipality shall, within 60 days after execution of the Interlocal Cooperation Agreement, call the election to be held on the next uniform election date allowed by law.

Subsequent to the last of the following to occur: (i) the voter authorization of the dedicated funding source; and (ii) the payment of the Capital Payment Fees pursuant to the Interlocal Cooperation Agreement, the DCTA shall amend the Service Plan consistent with the Interlocal Cooperation Agreement.

The Interlocal Cooperation Agreement shall be negotiated on a case-by-case basis. The Interlocal Cooperation Agreement shall be executed by the parties prior to the call for the election and shall provide for the payment of Capital Payment Fee to be paid by the municipality to the DCTA and shall describe the agreed amendment to the DCTA Service Plan, subject to voter approval of the authorization of the DCTA transit sales and use tax or other dedicated funding source.

G. Application for Associate Membership

This policy applies to the addition of any municipality or public or private entity that desires to become an associate member of the DCTA for long-range planning and limited transit service through an annual payment to DCTA. The annual provision of services by DCTA and the terms and conditions of the annual payment will be detailed through an Interlocal Cooperation Agreement between DCTA and the municipality or entity. This agreement will include terms and conditions for use of DCTA's existing capital assets and the purchase of future capital assets.

Additionally, the agreement will include considerations of the value of access to DCTA including its resources and expertise, the stability of the funding source for the provision of services, and the recovery by DCTA of the fully burdened cost of providing the service. The provision of these services shall not materially impact the provision of services in cities with full-membership, nor will it negatively impact any major capital projects underway or planned in the Authority's Service Plan. Associate members must become full-members before fixed capital investments will be made by DCTA within or near the municipality.

Associate members, may, at the discretion of the DCTA Board of Directors, participate on DCTA committees and subcommittees.

H. Contracting for Limited Transit Services

A municipality or other public or private entity may contract with the DCTA for a specific type of transit services through an Interlocal Cooperation Agreement which shall provide for: (1) the payment of Capital Payment Fees, if any; and (2) the agreed transit services and/or the amendment of the DCTA Service Plan, as appropriate. Additionally, the agreement will include considerations of the value of access to DCTA including its resources and expertise, the stability of the funding source for the contracted service, and the recovery by DCTA of the fully burdened cost of providing the service. The provision of these services shall not materially impact the provision of services in cities with full-membership, nor will it materially impact any major capital projects underway or planned in the Authority's Service Plan. Municipalities or entities receiving DCTA transit services under a contract shall not be eligible for enhanced voting privileges.

I. Programming of Transit Services

While DCTA may choose to study and identify transit needs outside of its participating cities for the purposes of long-range planning efforts and to support regional mobility, DCTA shall commence detailed programming of transit services upon the later: of (a) the canvas of the results of an election authorizing the DCTA transit sales tax for the use and benefit of DCTA or the dedication of comparable funding source; and (b) the effective date of an Interlocal Cooperation Agreement between DCTA and the municipality for payment of the Capital Payment Fees.

The programming of transit services will be detailed in the Authority's Service Plan which will be reviewed and updated a minimum of every five years.

J. Municipality participation through tax increment payments

1. DCTA may pursuant to the authority of Subchapter I, Chapter 460 Transportation Code enter into an agreement with a municipality to provide service in an area designated by the municipality (the "public transportation financing area") in exchange for the municipality payment of all or a portion of the tax increment (property and/or sales tax revenue from the designated area). This process is governed by Subchapter I of Chapter 460 and is limited to a municipality that has not adopted the DCTA sales and use tax and provided the adoption of the DCTA sales and use tax levy, when combined with the rates of all sales and use

taxes imposed by other political subdivisions in the municipality would exceed two (2) percent.

2. The designated area: (1) must have one or more transit facilities that include a structure provided for or on behalf of DCTA for embarkation on and disembarkation from public transportation services provided by DCTA, which may include a transit stop, transit shelter, transit garage, or transit terminal; (2) may include any territory located in the municipality's jurisdiction; and (3) must include an area one-half mile on either side of the proposed service route served by a structure under (1) above, to the extent that that area is included in the municipality's boundaries.
3. The tax increment from property and/or sales and use taxes from the designated area is used to pay to DCTA: (1) maintenance and operating expenses of providing services to the public transportation financing area, including compensation for expansion, improvement, rehabilitation, or enhancement amounts owed for previous years' maintenance and operating expenses for the public transportation financing area; (2) any capital cost incurred for the benefit of the public transportation financing area; (3) satisfy claims of holders of tax increment bonds, notes, or other obligations issued or incurred for projects or services that directly or indirectly benefit the public transportation financing area through the expansion, improvement, rehabilitation, or enhancement of transportation service by DCTA under the service plan; and (4) any capital recovery fee required by the DCTA.

K. Voting Privileges:

A new member contributing 1/2 cent sales and use tax or comparable dedicated continuous funding source shall assume enhanced Board of Director voting privileges as set forth in the then current DCTA bylaws (if eligible to appoint a director to the board pursuant to Chapter 460, Transportation Code) following effective date of the Interlocal Cooperation Agreement. Municipalities receiving DCTA transit services under a contract or through an Associate Membership shall not be eligible for enhanced voting privileges.

L. Update to New Member Policy

This New Member Cities Admission Policy may be reviewed and updated at any time by the DCTA Board of Directors.

M. Definitions:

- a. Capital Payment Fees shall mean the municipality or public or private entity's share of the capital costs of the additional services and/or a proportion of the capital costs associated with the existing transit investments from which the municipality is directly benefitting.
- b. Fixed Guideway Project Development Costs shall mean the sum of DCTA operating expenses plus capital expenditures for the fixed guideway project. Any pro-rata payments associated with the development costs shall be calculated based on the date when the fixed guideway was adopted into the Authority's five-year Capital Plan.
- c. Fiscal year shall mean a 12-month period at the end of which all accounts are completed in order to furnish a statement of the DCTA's financial condition or for tax purposes from October 1 through September 30,

- d. Near-term will be any fixed guideway project to be completed within five-years of the membership request and included in DCTA's five-year Capital Plan.
- e. Long-term will be any fixed guideway project included in the Authority's Service Plan but not programmed in the DCTA's five-year Capital Plan.
- f. Comparable funding source must be a dedicated continuous commitment allowable under state law that can be used for capital, operations and maintenance costs. This source cannot be subject to annual renewal and/or annual appropriation.

N. Conflicts

To the extent of any conflict between this Policy and Chapter 460 of the Texas Transportation Code, as amended, Chapter 460 of the Texas Transportation Code shall control.